

CANCER CARE SERVICES

ANNUAL FINANCIAL REPORT

For the Years Ended December 31, 2015 and 2014

**CANCER CARE SERVICES
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December 31, 2015 and 2014

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Independent Auditor's Report

July 14, 2016

Board of Directors
Cancer Care Services
623 S. Henderson St.
Fort Worth, Texas 76104-2920

We have audited the accompanying financial statements of Cancer Care Services (a nonprofit organization), which comprise the statements of financial position as of December 31, 2015 and 2014, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal controls relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Cancer Care Services as of December 31, 2015 and 2014, and the changes in net assets, functional expenses, and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Respectfully submitted,
CONWAY COMPANY CPAs, P.C.

Conway Company CPAs, P.C.

CANCER CARE SERVICES
STATEMENTS OF FINANCIAL POSITION
AS OF DECEMBER 31, 2015 AND 2014

	2015	2014
ASSETS		
Current Assets:		
Cash and Cash Equivalents	\$ 605,685	\$ 412,325
Contributions Receivable	24,999	53,110
Prepaid Expenses	13,353	12,326
Total Current Assets	644,037	477,761
Non-current Assets:		
Endowment Investments - Restricted	1,000,939	1,041,453
Endowment Investments - Designated	1,136,101	1,139,623
Investment - Infrastructure	66,069	49,389
Assets Restricted for Endowment	1,379	2,758
Total Non-current Assets	2,204,488	2,233,223
Fixed Assets:		
Land	75,000	75,000
Machinery & Equipment	111,919	138,000
Buildings & Improvements	1,218,739	1,218,739
Sub-total Property and Equipment	1,405,658	1,431,739
Less: Accumulated Depreciation	(493,539)	(493,245)
Total Fixed Assets, Net	912,119	938,494
TOTAL ASSETS	3,760,644	3,649,478
LIABILITIES AND NET ASSETS		
Current Liabilities:		
Accounts Payable and Accrued Expenses	23,835	30,912
Unearned Revenue	114,225	-
Current Portion of Compensated Absences	-	2,139
Total Current Liabilities	138,060	33,051
Long-Term Liabilities:		
Compensated Absences	-	10,033
Total Long-Term Liabilities	-	10,033
Net Assets:		
Unrestricted		
Designated for endowment	1,136,101	1,139,623
Designated for infrastructure	66,069	49,389
Undesignated	1,257,676	1,357,567
Total Unrestricted	2,459,846	2,546,579
Temporarily Restricted	585,713	484,169
Permanently Restricted	577,025	575,646
Total Net Assets	3,622,584	3,606,394
TOTAL LIABILITIES AND NET ASSETS	\$ 3,760,644	\$ 3,649,478

The accompanying notes are an integral part of this financial statement.

**CANCER CARE SERVICES
STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014**

	2015				2014			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Support and Revenues								
Special events income (includes in-kind donations)	\$ 417,275	\$ -	\$ -	\$ 417,275	\$ 563,344	\$ -	\$ -	\$ 563,344
Less: Benefit to Donor Costs	(160,568)	-	-	(160,568)	(173,499)	-	-	(173,499)
	<u>256,707</u>	<u>-</u>	<u>-</u>	<u>256,707</u>	<u>389,845</u>	<u>-</u>	<u>-</u>	<u>389,845</u>
Contributions and grants	538,185	495,596	1,379	1,035,160	622,036	208,938	1,379	832,353
Program contracts	456,900	-	-	456,900	478,731	-	-	478,731
Program fees	25,565	-	-	25,565	30,023	-	-	30,023
United Way allocation	80,259	-	-	80,259	87,691	-	-	87,691
Rental Income	11,050	-	-	11,050	7,650	-	-	7,650
Investment Income	7,389	(10,671)	-	(3,282)	81,935	55,681	-	137,616
Reclassification of endowment assets	(6,430)	6,430	-	-	-	-	-	-
Net assets released from restrictions	389,811	(389,811)	-	-	281,037	(281,037)	-	-
Total Support and Revenues	<u>1,759,436</u>	<u>101,544</u>	<u>1,379</u>	<u>1,862,359</u>	<u>1,978,948</u>	<u>(16,418)</u>	<u>1,379</u>	<u>1,963,909</u>
Expenses								
Program services								
Cancer related financial support	962,040	-	-	962,040	975,871	-	-	975,871
Psycho-Social and outreach services	494,868	-	-	494,868	484,724	-	-	484,724
Total Program services	<u>1,456,908</u>	<u>-</u>	<u>-</u>	<u>1,456,908</u>	<u>1,460,595</u>	<u>-</u>	<u>-</u>	<u>1,460,595</u>
Supporting services								
Management and general	186,430	-	-	186,430	166,689	-	-	166,689
Development	202,831	-	-	202,831	180,824	-	-	180,824
Total Supporting services	<u>389,261</u>	<u>-</u>	<u>-</u>	<u>389,261</u>	<u>347,513</u>	<u>-</u>	<u>-</u>	<u>347,513</u>
Total Expenses	<u>1,846,169</u>	<u>-</u>	<u>-</u>	<u>1,846,169</u>	<u>1,808,108</u>	<u>-</u>	<u>-</u>	<u>1,808,108</u>
Change in Net Assets	(86,733)	101,544	1,379	16,190	170,840	(16,418)	1,379	155,801
Net Assets - January 1	<u>2,546,579</u>	<u>484,169</u>	<u>575,646</u>	<u>3,606,394</u>	<u>2,375,739</u>	<u>500,587</u>	<u>574,267</u>	<u>3,450,593</u>
Net assets - December 31	<u>\$ 2,459,846</u>	<u>\$ 585,713</u>	<u>\$ 577,025</u>	<u>\$ 3,622,584</u>	<u>\$ 2,546,579</u>	<u>\$ 484,169</u>	<u>\$ 575,646</u>	<u>\$ 3,606,394</u>

4 The accompanying notes are an integral part of this financial statement.

CANCER CARE SERVICES
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014

	<u>2015</u>	<u>2014</u>
Reconciliation of Change in Net Assets		
to Cash Flows from Operating Activities		
Changes in net assets	\$ 16,190	\$ 155,801
Adjustments to reconcile change in net assets		
to net cash provided by operating activities:		
Depreciation	46,333	43,432
Contributions restricted for long-term purposes	-	(1,379)
Net investment (gains) losses on investments	30,102	(95,682)
Change in:		
Contributions receivable, net	28,111	43,407
Prepaid expenses and other	(1,027)	4,348
Accounts payable and accrued expenses	(7,077)	(11,785)
Assets restricted for endowment	(1,379)	(1,379)
Compensated absences	(12,172)	(674)
Unearned revenue	114,225	-
Net cash provided (used) by operating activities	<u>213,306</u>	<u>136,089</u>
Cash Flows From Investing Activities		
Purchase of property and equipment	(19,958)	(28,484)
Purchase of marketable securities	(1,142,572)	(926,149)
Proceeds from sales and maturities of marketable securities	1,139,826	919,517
Net cash provided by (used in) investing activities	<u>(22,704)</u>	<u>(35,116)</u>
Cash Flows From Financing Activities		
Contributions restricted for long-term purposes	2,758	1,379
Net cash provided by (used in) financing activities	<u>2,758</u>	<u>1,379</u>
Net Change in Cash and Cash Equivalents	193,360	102,352
Cash and cash equivalents - January 1	412,325	309,973
Cash and cash equivalents - December 31	<u>\$ 605,685</u>	<u>\$ 412,325</u>
Supplemental Cash Flow Information:		
Non-cash contributions received in-kind	<u>\$ 126,924</u>	<u>\$ 135,601</u>

The accompanying notes are an integral part of this financial statement.

**CANCER CARE SERVICES
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2015**

	Program Services			Supporting Services		Total Supporting Services	Total Program and Supporting Services
	Cancer Related Financial Support	Psycho-Social and Outreach Services	Total Program Services	Management and General	Development		
Salaries	\$ 354,113	\$ 313,656	\$ 667,769	\$ 99,571	\$ 141,904	\$ 241,475	\$ 909,244
Employee benefits	32,917	33,037	65,954	10,213	13,368	23,581	89,535
Payroll taxes and other	30,185	27,552	57,737	8,387	11,714	20,101	77,838
Total salaries and related expenses	417,215	374,245	791,460	118,171	166,986	285,157	1,076,617
Professional fees	20,238	15,328	35,566	27,129	21,318	48,447	84,013
Office supplies	2,839	1,440	4,279	5,557	811	6,368	10,647
Telephone	3,233	2,161	5,394	1,102	612	1,714	7,108
Postage	1,585	814	2,399	1,805	335	2,140	4,539
Occupancy	2,091	1,711	3,802	1,421	63	1,484	5,286
Utilities	6,335	12,346	18,681	293	399	692	19,373
Printing and promotion	437	2,257	2,694	3,246	2,055	5,301	7,995
Transportation	320	1,792	2,112	727	426	1,153	3,265
Conferences and meetings	-	2,834	2,834	209	2,745	2,954	5,788
Direct client financial assistance	446,277	-	446,277	-	-	-	446,277
Special client activities	-	37,593	37,593	295	26	321	37,914
Dues and subscriptions	132	770	902	70	945	1,015	1,917
Investment admin fees	-	-	-	7,503	-	7,503	7,503
Insurance	8,950	4,563	13,513	1,499	1,761	3,260	16,773
Equipment costs	3,922	2,410	6,332	3,099	721	3,820	10,152
Repairs and maintenance	8,054	9,679	17,733	9,680	474	10,154	27,887
	921,628	469,943	1,391,571	181,806	199,677	381,483	1,773,054
In-kind expense	19,791	5,036	24,827	1,955	-	1,955	26,782
Depreciation	20,621	19,889	40,510	2,669	3,154	5,823	46,333
Total Expenses	\$ 962,040	\$ 494,868	\$ 1,456,908	\$ 186,430	\$ 202,831	\$ 389,261	\$ 1,846,169

The accompanying notes are an integral part of this financial statement.

**CANCER CARE SERVICES
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2014**

	Program Services			Supporting Services			Total Program and Supporting Services
	Cancer Related Financial Support	Psycho-Social and Outreach Services	Total Program Services	Management and General	Development	Total Supporting Services	
Salaries	\$ 358,541	\$ 302,313	\$ 660,854	\$ 95,328	\$ 129,057	\$ 224,385	\$ 885,239
Employee benefits	35,140	34,335	69,475	7,977	11,702	19,679	89,154
Payroll taxes and other	34,184	28,570	62,754	8,657	11,528	20,185	82,939
Total salaries and related expenses	427,865	365,218	793,083	111,962	152,287	264,249	1,057,332
Professional fees	32,108	26,398	58,506	19,218	14,116	33,334	91,840
Office supplies	1,365	1,644	3,009	2,419	342	2,761	5,770
Telephone	2,864	2,816	5,680	2,260	59	2,319	7,999
Postage	3,201	1,449	4,650	613	528	1,141	5,791
Occupancy	1,713	1,445	3,158	537	297	834	3,992
Utilities	6,444	9,210	15,654	3,193	1,197	4,390	20,044
Printing and promotion	3,982	1,800	5,782	400	1,020	1,420	7,202
Transportation	1,204	1,315	2,519	1,314	1,044	2,358	4,877
Conferences and meetings	21	959	980	1,840	1,225	3,065	4,045
Direct client financial assistance	421,161	-	421,161	-	-	-	421,161
Special client activities	-	37,958	37,958	26	9	35	37,993
Dues and subscriptions	6,993	4,800	11,793	555	855	1,410	13,203
Investment admin fees	-	-	-	8,270	-	8,270	8,270
Insurance	8,410	3,807	12,217	1,610	1,386	2,996	15,213
Equipment costs	6,131	2,776	8,907	1,173	1,010	2,183	11,090
Repairs and maintenance	8,275	9,760	18,035	6,028	1,492	7,520	25,555
	931,737	471,355	1,403,092	161,418	176,867	338,285	1,741,377
In-kind expense	20,125	2,498	22,623	676	-	676	23,299
Depreciation	24,009	10,871	34,880	4,595	3,957	8,552	43,432
Total Expenses	\$ 975,871	\$ 484,724	\$ 1,460,595	\$ 166,689	\$ 180,824	\$ 347,513	\$ 1,808,108

The accompanying notes are an integral part of this financial statement.

**CANCER CARE SERVICES
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014**

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Operations

Cancer Care Services (“Agency”) is a Texas nonprofit corporation chartered in 1946. The Agency exists to provide help and hope to cancer patients, their families and caregivers through financial, emotional, spiritual and social programs and services. The Agency is primarily supported by foundations, the general public and United Way.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and revenues and expenses reported during the period. Actual results could differ from those estimates.

Financial Statement Presentation

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with generally accepted accounting principles.

Net assets and revenues, expenses, gains and losses are classified based on the existence of absence of donor-imposed restrictions. Accordingly, net assets of the Agency and changes therein are classified and reported as follows:

Unrestricted net assets – net assets that are not subject to donor-imposed stipulations are classified as unrestricted. These may be designated for specific purposes by action of the Board of Directors.

Temporarily restricted net assets – support that is restricted by the donor is reported as an increase in temporarily restricted net assets. Donor restricted support that will be met either by action of the Agency and/or the passage of time, are classified as an increase in temporarily restricted net assets. When restrictions are satisfied, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statements of activities as net assets released from restriction.

Permanently restricted net assets – net assets subject to donor-imposed stipulations that they be maintained permanently by the Agency are classified as permanently restricted.

The costs of providing the various programs and other activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

**CANCER CARE SERVICES
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014**

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Cash and Cash Equivalents

Cash and cash equivalents consist of cash on hand and certain highly liquid investments purchased with an initial maturity of three months or less.

Endowment Investments

The agency reports its investments in marketable securities with readily determinable fair values and all investments in debt securities at their fair values in the statements of financial position. Investment return includes interest, dividends and realized and unrealized gains and losses and is included in the statements of activities as increases in unrestricted net assets, unless restricted by the donor or law.

Revenue Recognition

The Agency's primary source of revenue is contributions from donors who are interested in furthering the mission of the Agency. Contributions are recognized when received, or in the event of an unconditional pledge, recognized when the commitment has been made to the Agency.

Unearned Revenue

Unearned revenue represents program contract receipts for future services related to social workers and dietitians. The Agency records revenue as the services are performed.

Contributed Services

A number of volunteers have donated significant time to the Agency's operations. The value of donated volunteer services is not recorded as a donation since no objective basis is available to measure the value of such services.

Federal Income Taxes

The Agency is a nonprofit corporation under Section 501(c)(3) of the Internal Revenue Code therefore, is not subject to income taxes. The Agency is not a private foundation within the meaning of Section 509(a) of the Internal Revenue Code.

Compensated Absences

The Agency allows employees to carry over up to 40 hours of unused vacation each year. Employees are not paid any unused vacation upon leaving the Agency.

**CANCER CARE SERVICES
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014**

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Fixed Assets and Accumulated Depreciation

Expenditures for property and equipment are recorded at cost. The Agency defines capital assets as those with an individual cost of \$1,000 or more and a useful life exceeding three years. Property and equipment are being depreciated using the straight-line method over the following estimated useful lives:

Office Equipment	3 – 5 years
Buildings and Improvements	15 – 39.5 years

B. CONTRIBUTIONS RECEIVABLE

Unconditional promises to give are comprised of the following as of December 31:

	2015	2014
Contributions Receivable	\$24,999	\$53,110
Allowance for Uncollectible accounts	-	-
	<u>\$24,999</u>	<u>\$53,110</u>
Receivable in less than one year	\$24,999	\$53,110
Receivable in one to five years	-	-
	<u>\$24,999</u>	<u>\$53,110</u>

Unconditional promises to give as of December 31, 2015 and 2014 are primarily receivables from individuals and foundations and are carried at net realizable value, which approximates the net present value of estimated future cash flows.

C. INVESTMENTS

Investments are carried at fair value and are comprised of the following as of December 31:

	2015	2014
Money Market Funds	\$102,265	\$80,398
Debt Securities	651,175	715,074
Equity Securities	1,343,610	1,292,704
Mutual Funds	106,059	142,289
TOTAL	<u>\$2,203,109</u>	<u>\$2,230,465</u>

**CANCER CARE SERVICES
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014**

C. INVESTMENTS (continued)

The following schedule summarizes investment return, including interest on cash bearing accounts and certificates of deposit and its classification in the financial statements for the years ending December 31:

	<u>2015</u>	<u>2014</u>
Net realized gain (loss) on sale of investments	\$74,094	\$110,937
Net unrealized gain (loss) on investments	<u>(112,044)</u>	<u>(18,578)</u>
	(37,950)	92,359
Interest/Dividend Income	<u>34,668</u>	<u>45,257</u>
TOTAL	<u>(\$3,282)</u>	<u>\$137,616</u>

D. FAIR VALUE MEASUREMENTS

Financial Accounting Standards Board Accounting Standards Codification, *Fair Value Measurements* (“ASC 820”), establishes a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy under FASB Statement No. 157 are described below:

- Level 1 Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Agency has the ability to access.

- Level 2 Inputs to the valuation methodology include:
 - Quoted prices for similar assets or liabilities in active markets;
 - Quoted prices for identical or similar assets or liabilities in inactive markets;
 - Inputs other than quoted prices that are observable for the asset or liability;
 - Inputs that are derived principally from or corroborated by observable market data by correlation or other means;

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

- Level 3 Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

**CANCER CARE SERVICES
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014**

D. FAIR VALUE MEASUREMENTS (continued)

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

Following is a description of the valuation methodologies used for assets measured at fair value.

Common stocks, corporate bonds and U.S. Government securities: Valued at the closing price reported on the active market on which the individual securities are traded.

Mutual Funds: Valued at the net asset value ("NAV") of shares held by the plan at year end.

The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values.

ASSETS AT FAIR VALUE AS OF DECEMBER 31, 2015

Investment Category	Fair Value	Level 1 Inputs	Level 2 Inputs	Level 3 Inputs
Money Market Funds	\$ 102,265	\$ 102,265	\$ -	\$ -
Debt Securities	651,175	651,175	-	-
Equity Securities	1,343,610	1,343,610	-	-
Mutual Funds	106,059	106,059	-	-
Total Investments	<u>\$2,203,109</u>	<u>\$2,203,109</u>	<u>\$ -</u>	<u>\$ -</u>

E. PROPERTY AND EQUIPMENT

The following is a summary of property and equipment, less the related accumulated depreciation as of December 31:

	2015	2014
Land	<u>\$ 75,000</u>	<u>\$ 75,000</u>
Buildings and Improvements	1,218,739	1,218,739
Office Equipment and Furniture	111,919	138,000
Total Depreciable Assets	<u>\$1,330,658</u>	<u>\$1,356,739</u>
Accumulated Depreciation	<u>(493,539)</u>	<u>(493,245)</u>
Total Depreciable Assets - Net of Accumulated Depreciation	<u>837,119</u>	<u>863,494</u>
Total Fixed Assets-Net of Accumulated Depreciation	<u>\$912,119</u>	<u>\$938,494</u>

**CANCER CARE SERVICES
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014**

F. LEASES

The Agency leases certain office equipment under a non-cancellable operating lease. The Agency's lease expense amounted to \$10,230 during 2014 and \$14,980 during 2013.

Future minimum lease payments on lease obligations are as follows for the years ending December 31:

	<u>Operating Lease</u>
2016	\$10,230
2017	2,558
Total	<u>\$12,788</u>

G. RESTRICTIONS ON NET ASSETS

Temporarily restricted net assets consist of contributions restricted for the following purposes or periods as of December 31:

	<u>2015</u>	<u>2014</u>
Time Restrictions	\$575,706	\$468,564
Program Restrictions	10,007	15,605
	<u>\$585,713</u>	<u>\$484,169</u>

Net assets of \$389,811 in 2015 and \$281,037 in 2014 were released from restrictions as a result of program expenditures and/or the passage of time which satisfied the temporary restrictions imposed by donors.

Permanently restricted net assets consist of endowed gifts to be held in perpetuity. These permanently restricted net assets are included in the investments reported in the statements of financial position. The investment income and realized and unrealized gains (losses) on certain of these net assets must be used for specific purposes stipulated by the donor.

The Agency's endowments consist of five individual donor-restricted funds established for a variety of purposes and funds designated by the Board of Directors to function as an endowment. Net assets associated with endowment funds, including funds designated by the Board of Directors to function as an endowment, are classified and reported based on the existence of, or absence of, donor-imposed restrictions.

**CANCER CARE SERVICES
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014**

H. ENDOWMENTS

The Board of Directors of the Agency has interpreted the Texas Uniform Prudent Management of Institutional Funds Act (“Act”) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Agency classifies as permanently restricted net assets (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment and (c) accumulations to the permanent endowment made in accordance with explicit donor stipulations. The remaining portion of the donor-restricted endowment fund is classified as temporarily restricted net assets until those amounts are appropriated for expenditure in a manner consistent with the standard of prudence prescribed by the Act. The Agency considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- ♥ The duration and preservation of the fund
- ♥ The purposes of the Agency and donor-restricted endowment fund
- ♥ General economic conditions
- ♥ The possible effect of inflation and deflation
- ♥ The expected total return from income and the appreciation of investments
- ♥ Other resources of the Agency
- ♥ The investment policies of the Agency

The Agency has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. Endowment assets include those assets of donor-restricted funds that the Agency must hold in perpetuity or for a donor-specified period(s) as well as board-designated funds.

To satisfy its long-term rate-of-return objectives, the Agency relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Agency targets a diversified asset allocation to achieve its long-term return objectives within prudent risk constraints.

Disbursements to the Agency, when needed, shall not exceed 7% of the asset value on December 31 of the previous year. However, the total disbursement over 3 rolling years cannot exceed 15%. The actual percentage distribution will be determined by the Finance Committee or the Board of Directors.

**CANCER CARE SERVICES
NOTES TO THE FINANCIAL STATEMENTS
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H. ENDOWMENTS (continued)

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the Agency is required to retain as a fund of perpetual duration. There are no deficiencies of this nature that are reported in unrestricted net assets as of December 31, 2015 or as of December 31, 2014.

Endowment net assets are comprised of the following as of December 31, 2015 and 2014:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>TOTAL</u>
December 31, 2014				
Donor-restricted endowment funds	\$ -	\$468,565	\$575,646	\$1,044,211
Board-designated endowment funds	1,139,623	-	-	1,139,623
	<u>\$1,139,623</u>	<u>\$468,565</u>	<u>\$575,646</u>	<u>\$2,183,834</u>
December 31, 2015				
Donor-restricted endowment funds	\$ -	\$425,293	\$577,025	\$1,002,318
Board-designated endowment funds	1,136,101	-	-	1,136,101
	<u>\$1,136,101</u>	<u>\$425,293</u>	<u>\$577,025</u>	<u>\$2,138,419</u>

The changes in endowment net assets for the years ended December 31, 2015 and 2014 are as follows:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>TOTAL</u>
Beginning balance: January 1, 2014	\$ 1,069,237	\$449,902	\$574,267	\$2,093,406
Investment return:				
Investment income	26,123	19,134	-	45,257
Net realized gains	43,864	67,073	-	110,937
Net unrealized gains	7,442	(24,558)	-	(17,116)
	<u>1,146,666</u>	<u>511,551</u>	<u>574,267</u>	<u>2,232,484</u>
Contributions	-	-	1,379	1,379
Appropriation of endowment assets for expenditures	-	(37,018)	-	(37,018)
Investment fees	(7,043)	(5,968)	-	(13,011)
Endowment net assets as of December 31, 2014	<u>\$1,139,623</u>	<u>\$468,565</u>	<u>\$575,646</u>	<u>\$2,183,834</u>

**CANCER CARE SERVICES
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H. ENDOWMENTS (continued)

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>TOTAL</u>
Beginning balance: January 1, 2015	\$1,139,623	\$468,565	\$575,646	\$2,183,834
Investment return:				
Investment income	21,885	12,783	-	34,668
Net realized gains	61,155	18,926	-	80,081
Net unrealized gains (losses)	(74,541)	(36,253)	-	(110,794)
	<u>1,148,122</u>	<u>464,021</u>	<u>575,646</u>	<u>2,187,789</u>
Contributions			1,379	1,379
Appropriation of endowment assets for expenditures		(39,031)	-	(39,031)
Reclassification of endowment assets	(6,430)	6,430	-	-
Investment fees	(5,591)	(6,127)	-	(11,718)
Endowment net assets as of December 31, 2015	<u>\$1,136,101</u>	<u>\$425,293</u>	<u>\$577,025</u>	<u>\$2,138,419</u>

I. RETIREMENT PLAN

The Agency has a Safe Harbor 401(k) plan administered by Nextep, their PEO Company. The Agency provided \$2,483 in matching contributions during 2014. There were no matching contributions made during 2015.

J. SPECIAL EVENTS

The Agency held various special events during the years ended December 31, 2015 and 2014. Revenue and expenses for these events are as follows:

	<u>2015</u>	<u>2014</u>
Cash Revenue	\$317,133	\$451,042
In-kind Contributions	100,142	112,302
	<u>417,275</u>	<u>563,344</u>
Cash Expenses	60,426	61,197
In-kind Expenses	100,142	112,302
	<u>160,568</u>	<u>173,499</u>
Net Revenues	<u>\$256,707</u>	<u>\$389,845</u>

**CANCER CARE SERVICES
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K. IN- KIND REVENUES

In-kind revenues were comprised as followed as of December 31, 2015, and 2014:

	<u>2015</u>	<u>2014</u>
Special Events	\$100,142	\$112,302
Program & Support Services	26,782	23,299
	<u>\$126,924</u>	<u>\$135,601</u>

L. LINE OF CREDIT

The Agency has a \$150,000 line of credit at OmniAmerican Bank. No draws were made in 2015 or 2014. There is no money owed on the line of credit.

M. SUBSEQUENT EVENTS

The Agency has evaluated all events or transactions that have occurred after December 31, 2015 up through July 14, 2016, which is the date the financial statements were available to be issued and has nothing to report as unusual or relevant to its ongoing operations.